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Bimetallic League.

Reply to [and reprint of]
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No 17.

The Bimetallic League and the Gold Standard Defence Association.

Reply to Leaflet No. 17 of the Gold Standard Defence Association.

BIMETALLISM AND AGRICULTURAL DEPRESSION.

By the RIGHT HON. G. SHAW-LEFEVRE.

(Late Chairman of the Royal Commission on Agriculture.)

By WILLIAM E. BEAR.

(The Leaflet to which this is a reply will be found on page 18.)

INTRODUCTORY REMARKS.

REFERRING to the serious depression in agriculture, Mr. Shaw-Lefevre admits that "the main cause has undoubtedly been the fall of prices, which became serious, so far as farmers are concerned, in 1878." The point of dispute, he adds, is the cause of the fall in prices, and he sets himself to prove that the main cause of this fall is not, as he puts it, "the appreciation of gold, resulting in part from its reduced production from the year 1873 till within the last six years, and in part from the greater demand for it owing to the demonetisation of silver by various countries in Europe." Now, to speak of the appreciation of gold as "the cause" of the fall in prices seems to me an error to begin with, for the depreciation in the prices of commodities in exchange for gold is only another term of expression for the appreciation of gold. Therefore, to say that the fall in prices is the main cause of agricultural depression is equivalent to admitting that the appreciation of gold is that main cause. Verbally, then, Mr. Shaw-Lefevre throws away his case at the outset.

It is true that if the fall in prices had affected agricultural products only, while the prices of most other commodities had risen, so as to balance that fall, there would be no evidence of the

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appreciation of gold, except in relation to agricultural products; that is to say, there would be no evidence of the general appreciation of gold. But it is hardly necessary to show that there has been a general fall in the gold prices of commodities. Mr. Sauerbeck's index number for 1895, comparing the average prices of forty-five leading articles of commerce in that year with those of the ten years 1867-77 (represented by 100) was 62; and his latest detailed list, for 1894, shows that only one of the forty-five articles, namely, coffee, had risen in price, while all the rest had fallen considerably. Moreover, if the prices of agricultural products such as are raised in this country be taken out of the list, the average fall in the remainder is practically the same as that of the whole. It is clear, then, that Mr. Shaw-Lefevre falls into self-contradiction when he admits that the fall in prices is the main cause of agricultural depression, and yet denies that the depression is due to the appreciation of gold.

AN ASTOUNDING ASSUMPTION.

Strange as it seems, however, Mr. Shaw-Lefevre in effect denies that the general fall in prices is equivalent to the appreciation of gold. As he persists in putting it, he declares that, "on the assumption that the fall of prices has been mainly due to the appreciation of gold, it would seem necessarily to follow that the fall in prices would be equally observed in all products, subject, of course, to some temporary or local exceptions, for which special explanations could be given." He contends, then, that a general fall in prices must also be uniform to be equivalent to the appreciation of gold, subject to temporary or local exceptions, which can be explained. Surely it is utterly unwarrantable to assume that a uniform fall of prices would result, as a general rule, with only temporary and local exceptions, from the appreciation of gold. It would be as reasonable to assume that a duty of 20 per cent. *ad valorem* on all imports would raise prices uniformly, as a general rule, whereas it would certainly not do anything of the kind. Even if it were contended that the appreciation of gold was the sole cause of the fall in prices, Mr. Lefevre's assumption would not be valid, because any number of counteracting influences might come into play to keep the prices of some commodities from falling as much as those of others. But no one maintains this; and it is to be borne in mind that Mr. Lefevre is discussing the "main" cause of the fall. The intricacies of production, consumption, and commerce are so extremely complicated that a sole cause of a prolonged rise or fall in prices is improbable in the highest degree, and a partial cause necessarily involves variation.

VARIATIONS IN THE FALL OF PRICES.

Variations in the fall of prices are explainable, though the intricacies just referred to are so complicated that the explanations

given are often debatable. As it can never be the rule that the main cause of a fall in prices produces a uniform fall, it is misleading to talk of "exceptions." But, presuming that prices which have fallen comparatively slightly are meant, why should it be assumed that they would be temporary or local? Surely it is conceivable that the counteracting causes to a main cause will be permanent and general. For example, it is conceivable that a growing indisposition among workmen to pursue certain dangerous or otherwise distasteful occupations would permanently counteract partially or completely the main cause, or even the sole cause—if there were one—of a fall in prices. Again, it is conceivable that the destruction of vineyards in France and other countries by the phylloxera might keep the prices of wines from following the general downward course of prices for generations, or for as long as the general depreciation endured.

Even if a few articles rose in price, while the great majority fell, the exceptions would not disprove the depreciation of gold; for the reasonable inference would be that those exceptions would have risen much more in price if it had not been for the appreciation of gold. For example, if a mineral, such as copper or tin, advanced in price permanently, in consequence of its relative scarcity or the increased cost of obtaining it, the rise would not disprove the appreciation of gold at a time when prices generally had fallen. The reasonable inference would be that the price of the mineral in question would have been higher still if it had not been for the appreciation of gold.

It would require a volume, instead of a leaflet, for the discussion of the variations of the fall in prices. But let us take the most striking case of a comparatively small decline from the prices of agricultural products in Mr. Sauerbeck's list. The smallest depreciation, comparing the average for 1894 with the standard of 100 for 1867-77 is that of prime mutton, which stood at 87 for 1894. The fall of only 13 per cent. here shown, compares with one of nearly 40 per cent. for other agricultural products in the list, and with 24 per cent. for "middling" mutton. Now, prime mutton is the flesh of British sheep exclusively, and since 1877 the number of sheep in the United Kingdom had fallen from 32,220,000 to 30,038,000 by 1894, while the population had increased from thirty-three and a half millions to nearly thirty-nine millions, and the consumption of meat per head of the population had also increased. The enormous increase in the importation of mutton has told against the value of inferior mutton to a considerable extent, and against that of middling mutton in less degree, but has scarcely at all affected the price of prime mutton. Is it surprising, then, that, with an increase of five and a half millions in the population and a decrease of considerably over two million sheep, the price of the best native mutton

has fallen comparatively slightly? Surely, the wonder is that it has not risen, or, rather, this would be wonderful if it were not for the known appreciation of gold.

GOLD APPRECIATION AND WAGES.

Mr. Shaw-Lefevre further assumes that if gold were appreciated "there would be a corresponding fall in the money wages of labourers, in the absence of other causes affecting them." The last phrase of this sentence may be said to cover everything, rendering it meaningless. There must be always "other causes" affecting wages, in respect of which the personal element comes into play for one influence, and public opinion for another. Where wages are low, as they are and always have been in most agricultural districts, employers shrink from a reduction, in consequence of their own goodwill towards their men, who, on their part, resist it when they can. Public opinion also counts for something against a reduction. Besides, in most parts of the country agricultural labourers have made themselves scarce by migrating to the towns, and in this they have taken the lead; that is, they have migrated before they were slack of employment. The compulsory attendance of boys at school, and the growing reluctance of women to work on the land, too, have helped materially to keep wages from falling. In spite of all, however, reductions of 1s. to 2s. 6d. a week have taken place in many counties during the last two or three years, as certified by the Agricultural Correspondent of the Labour Department of the Board of Trade. The reduction has been forced upon farmers by low prices. Even where the regular weekly wages have not been reduced, the average earnings of the men, as a rule, have fallen, and had fallen generally long before the reductions referred to were made. The reports of the Labour Commission show that for some time before 1892 farm labourers had been earning less in harvest and at piece-work than they used to earn, mainly because a great area of arable land had been converted to pasture, simply to save labour, and partly because farmers could not afford to cultivate the arable soil as completely as they formerly cultivated it. The reports of the Labour Department have also shown that employment in many agricultural districts has become much more irregular than it used to be.

But the actual decrease in the money earnings of farm labourers is not by any means the full measure of the effect of the appreciation of gold upon their interests. If the prices of farm products had kept up, the demand for labour in the rural districts must have been much greater than the supply, and, to check the migration to the towns, farmers would have been compelled to raise wages materially. Shortly before 1879, when the fall in the prices of corn set in steadily,

there were complaints in many parts of the country of the shortness of labour and the independence of the men. Wages, too, had generally risen during the preceding decade, and if low prices had not driven land out of arable cultivation, a steady and material advance would have been inevitable. Had prices been kept up, there would have been every inducement to more intensive agriculture, instead of to the land-starving system into which half-ruined farmers have been driven. Agricultural science had been making rapid progress, and a knowledge of its teachings as applied in practice was rapidly extending. The Agricultural Holdings Act of 1883, again, imperfect though it is, and still more the private agreement made by landlords and tenants arranging for compensation for improvements in lieu of the provisions of that Act, would have encouraged the increased application of capital to the land, if farming had remained fairly remunerative, greatly to the advantage of the labourers. But the influence of scientific teaching and of partial security for tenants' improvements was entirely counteracted by the fall in prices. Capital was lost to such an extent that nothing better than hand-to-mouth farming was possible, and instead of more intensive and constantly improving cultivation, with its great demand for labour, we have had a general deterioration, a great area of land left to "lay itself down" with grass and weeds, and considerable tracts driven completely out of cultivation, so that work on the land has seriously diminished in quantity and regularity, and farm labourers' earnings have fallen instead of rising. It is true that the cheapness of food and other commodities has kept labourers and their families from suffering seriously hitherto; but I have not the slightest doubt that their position would have been vastly better than it is if gold had not appreciated.

GOLD APPRECIATION AND RENT.

The most preposterous of all Mr. Shaw-Lefevre's assumptions is that if gold had appreciated there would have been "a similar and equal fall in the rent of all agricultural land." Coming from the late Chairman of the Royal Commission on Agriculture, this statement is astounding beyond measure. He has had evidence brought before him as to great estates upon which rents remained stationary through many years of prosperous agriculture, and of arrangements as to rent quite independent of supply and demand. No one knows better than he that on a great number of large estates in this country land has never been let at a rack rent. The personal element comes into play even more extensively in relation to rent than to wages. Where rents had not been raised in times of prosperity, there was less need for a great reduction when adversity came than there was on rack-rented estates. Then the wealth or freedom from embarrassment of a landlord, or his liberality, had a

great deal to do with the reduction he made in his rents. Many a stingy owner of land suffered arrears to accumulate, and incurred heavy losses, rather than reduce rents sufficiently to meet the altered circumstances of farming, while others were prompt in meeting their tenants. No man is less independent than a half-ruined tenant-farmer. Not daring to quit his holding, because it would ruin him utterly to do so, he was at the mercy of his landlord, and, as a rule, he has held on as long as possible, even when he has ultimately been compelled to quit. Where farms have been re-let, in most cases, great reductions in rent have been necessary, while sitting tenants on no better farms on the same estates have had only temporary remissions or slight reductions. How Mr. Lefevre, with a full knowledge of these circumstances, can contend that any single influence whatever would affect rents equally, passes comprehension.

Apart from the elements of personal feeling, character, or caprice, however, there are many reasons why the appreciation of gold could not affect rents equally, and never can affect them equally, however long it may last. There is a great mass of evidence in the Reports of the Royal Commission, and notably in those of the Assistant Commissioners, to show why rents have fallen heavily in arable districts generally, and especially in districts far from great centres of population, or on land particularly expensive to work, while they have been reduced to a much smaller extent on good pasture, and on all classes of land in populous neighbourhoods. There is also abundance of evidence explaining why rents have fallen more seriously in counties where a small rainfall renders the production of good pasture difficult, if not impossible, and less where it is easy to convert arable land to grass. For many years after corn-growing had become unremunerative, and, indeed, until quite recently, dairy farming paid fairly, and the rents of corn farms fell heavily, while those of dairy farms were only slightly or not at all reduced; the explanation being obvious. Again, several of the Assistant Commissioners, and witnesses whose evidence is given in the Reports of the Royal Commission on Agriculture, have explained that small farmers who have done all the work of their holdings with the help of their families, to whom they have not paid wages, have gone on paying high rents, which large farmers, cultivating by means of hired labour, could not afford to pay.

All this must be well known to Mr. Shaw-Lefevre, and yet he has the imprudence to commit himself to the assertion that the appreciation of gold would equally reduce rents subject to any multimorph and changing influences, which have not been by any means exhaustively cited in the preceding remarks. Obviously a single prevailing influence would operate in varying degree upon

rent subject to differing circumstances, exercising its full force in some cases, and less in others, down to cases in which it would operate only to the extent of preventing or moderating an advance. This is precisely how the appreciation of gold has acted upon rents in England. With comparatively few exceptions they have fallen since 1879 from 5 to 100 per cent, the latter fall being where land is now let rent-free, the tenant only paying the rates and, perhaps, also the equivalent of the tithe rent-charge to which he was formerly liable by law. As to the exceptions, it is reasonable to infer that the operation of the appreciation of gold has prevented a considerable rise which would have taken place if there had not been any such appreciation.

THE THEORY OF ADJUSTMENT.

Mr. Shaw-Lefevre proceeds to remark that if adjustments in the prices of commodities, in the wages of labourers, and in the rent of land had taken place with the uniformity and equality which, he says, would have resulted from the appreciation of gold, "the relative position of the farmers or other cultivators to other classes would be much the same as before the fall of prices," as "they would be as well able to grow wheat or any other product with a profit," while "the landowners also would find that their rents would go as far in purchasing power or in the employment of labour as before the fall of prices." No doubt; but this perfect and universal adjustment is precisely what never takes place while gold is appreciating, or until long enough afterwards, if ever, to allow of the ruin, wholly or partially, of a generation or two of producers. Rents, apparently, have not yet fallen on the average in as great proportion as the prices of agricultural products, and the same may be said of interest on debts, taxes, railway charges, doctors' and school fees, tradesmen's bills (such as the wheelwright's and blacksmith's), labourers' wages, and the retail prices of commodities generally. Some of these outgoings are never likely to be reduced in equal proportion with the fall in the wholesale prices of agricultural products, especially those in which labour or professional service comes largely into play. That even those which have not fallen at all are lower than they would have been if gold had not appreciated may be regarded as certain; but the point is that they have not been fully adjusted to the fall in the wholesale prices of commodities.

It is because of this prolonged and possibly permanent incompleteness of adjustment that an appreciating currency is disastrous to producers, and, conversely, that a depreciating currency is highly beneficial to them. In the interest of all classes, as a whole, a perfectly steady standard of currency is, of course, most advantageous.

MR. SHAW-LEFEVRE'S EXPLANATION OF THE FALL IN PRICES.

Having so far dealt with Mr. Shaw-Lefevre's contention that, as he puts it, the fall in prices has not been caused mainly by the appreciation of gold, or, as I think he should have put it, that the fall in prices has not been sufficiently uniform and equal to justify the statement that it is equivalent to the appreciation of gold, it remains for me to consider the alternative assumption to the effect that "the fall of prices has been due to inventions and improvements, which have opened out new districts, and have brought their products into competition with home produce." With this assumption, Mr. Lefevre contends, the circumstances of agriculture entirely harmonise, and he proceeds to point out how, as he believes, the influences mentioned have caused variations in the fall in the prices of various products and in rents, while not affecting wages. That these influences have helped towards the fall in prices, and affected them in varying degrees, no one denies; but it is contrary to all available evidence to assume that they have been the only or even the main causes of the fall.

Before considering these points, however, the question of the effect of their influence upon the money wages of labourers may be conveniently disposed of. Why should it be assumed as a matter of course that the wages of labourers would not be affected if prices had been reduced disastrously by the influences to which Mr. Lefevre attributes the fall, as much as if that fall were attributable mainly to the appreciation of gold? Stationary money wages are not one whit more consistent with a general fall in prices, occasioned by increased foreign competition, than with that fall as the equivalent of the appreciation of gold. They are explicable, where there has been no reduction, in exactly the same way under one assumption as to the fall in prices as under the other. The fall in prices has precisely the same effect upon wages, whether it is attributable to one cause, to another, or to a dozen causes. The appreciation of gold, even in the absence of counteracting influences, would only cause money wages to fall by diminishing the means of employers and the demand for labour, and an increase of foreign competition sufficient to diminish the means of employers and the demand for labour to an equal extent, would have the same influence upon money wages. Therefore, Mr. Lefevre is not justified in claiming that his explanation of the fall in prices is any more in harmony with the comparatively small fall in money wages, or with the absence of any fall in some districts, than the explanation of Bimetallists is.

As to the variations in the fall of prices, it is true that they are partly due to increased competition affecting one commodity more than another. Bimetallists do not deny this; but they contend

that increased competition alone is not sufficient to account for the greatness of the fall in prices. Similarly, with the variable decline in rents, the extra competition in certain products causes rents to fall most heavily where those products are grown; but, as already stated, the fall in prices is greater than can be explained by the increase in competition.

In attempting to explain the inequality in the fall of prices, Mr. Lefevre alludes first to wheat, attributing its fall of 50 per cent. in money value, comparing the average for the last four years with that of 1865-75 (the real fall is 56½ per cent.), to (1) the great extension of railways and lowering of freights in the United States; (2) the extension of railways in Southern Russia; (3) the similar extension of railways in India; (4) the development of the Argentine Republic; (5) the improvement in marine engines, and a consequent reduction of ocean freights.

Now, in the first place, it is to be observed that, in three of the countries named above, the export, and consequently the production of wheat, has been helped by special currency complications; but let us take the case of the United States, as free from these special complications, and as pre-eminently illustrative of the results of reduced rail and ocean freights.

Mr. Lefevre states that the wheat area of the United States increased from an average of 20,160,000 acres in 1869-73 to 37,960,000 acres in 1888-92. His stoppage at the latter date, instead of making the comparison with 1891-95, is significant, the area having fallen from 37,916,897 acres in 1891 to 34,047,332 acres in 1895. Now, the appreciation of gold due to the demonetisation of silver in 1873 did not tell seriously upon the price of wheat in America till after 1881, owing to counteracting influences. The price fell in 1874, and was lower in 1875 and 1876 than it had been almost invariably before 1873; but the Russo-Turkish war sent the price up in 1877, and in 1879 the worst harvest of the century in Europe caused a demand for American wheat beyond all precedent, and sent prices up once more, while in 1881 a very bad harvest in the United States had the same effect. The great expansion in the acreage took place between 1870 and 1880, the advance being from 18,992,600 to 37,966,700 acres. In the next decade there was no further expansion, although the population of the United States increased by over 11½ millions; and since 1892 there has been a great contraction, the area of 1895 having been 34,047,300 acres, or 3,939,400 acres less than in 1880, in the face of an increase of over 19½ millions in the population. It is obvious, therefore, that all the increase in railways and cheapening of land and ocean freights, to which Mr. Lefevre alludes, have not availed to counteract the effect of the fall in prices as a discouragement of production.

If the increase in railways and the lowering of rail and ocean

freights had exercised the important influence attributed to them by Mr. Lefevre the price of wheat in England would have fallen very much more than the farm price in the United States, and Mr. Edward Atkinson's contention that American producers were as well off at recent English prices as they were when wheat was worth 50s. a quarter in Liverpool would be true. But what are the facts? From the official records of farm prices in the United States and market prices in England I have compiled the following table, showing average prices in cents per bushel for certain periods.

YEARS.	FARM PRICES.		MARKET PRICES.		EXCESS IN ENGLAND.
	U.S.A.	Cents.	English.	Cents.	
1879-82	..	103 3	..	134	.. 30 7
1883-86	..	75 4	..	106	.. 30 6
1887-90	..	77 2	..	94	.. 16 8
1891-94	..	62 3	..	87	.. 24 7
PERCENTAGE FALL.					
		U.S.A.			England.
1879-82 to 1891-94	..	39 7	..	35 1	
1883-86 " 1891-94	..	17 4	..	17 9	
1887-90 " 1891-94	..	19 3	..	7 4	

I have taken the period since 1878, because up to that year prices were not on a gold basis in the United States, and the quotations were therefore too high for fair comparison; also because it is since that year that the greatest expansion of railways in that country—namely, from 81,767 miles in 1878 to 179,279 in 1894—and the improvement in marine engines have taken place, and that the price of wheat has fallen to a disastrous extent. The period embraced by my table, then, should be the one in which, according to Mr. Lefevre's theory, the difference between American farm prices and English market prices for wheat has decreased most. But what do we find? Why, that the difference was only 6 cents a bushel less in 1891-94 than in 1879-82, whereas between 1875-78 (reducing American prices to a gold basis) and 1879-82, before the great expansion in American railways and the improvement in marine engines took place, the excess in England diminished 14 cents. More striking still, the fall in the American farm price between 1879-82 and 1891-94 was 46 per cent. greater than the fall in the English price, and since 1887-90 the former has been nearly 12 per cent. greater than the latter.

In the face of these figures, Mr. Edward Atkinson's argument, supported by Mr. Lefevre, to the effect that the reduction in transport expenses and in cost of production accounts almost entirely for the fall in the price of wheat, taking the case of the United States as their criterion, becomes simply ridiculous. There is no evidence whatever of any substantial decrease in the cost of production, taking

the United States as a whole. Indeed, it is a question whether the increased wages of farm workmen in that country and the necessity of manuring exhausted wheat soils, or the reduction of yield where manure is not used, have not increased the cost of wheat per bushel to the farmer. That the cost of transport to this country has been considerably reduced no one denies; but the table given above shows that its effect has been quite obscured by more important circumstances in relation to prices.

Now the decrease in the cost of transporting wheat from the farm to the market has certainly been greater in relation to the United States than in relation to any other country contributing large supplies to us, and, therefore, it would not be necessary to examine this point in Mr. Lefevre's argument further, even if figures corresponding to those given above were available for Russia, India, and Argentina. It seems to me, then, that my figures completely dispose of Mr. Lefevre's statement in summing up the case of wheat: "These extensions and economies seem to be sufficient to account for the great fall in the price of wheat, without resorting to any theories as to currency and appreciation of gold."

CURRENCY ADVANTAGES IN RELATION TO EXPORTS.

The three other countries to which Mr. Lefevre refers are helped by currency advantages, as far as exporting is concerned; and yet these are not great enough in the cases of Russia and India to meet the tremendous fall in the price of wheat caused by the appreciation of gold. For years past agricultural distress has been severe in Russia, and in India the wheat area in recent years has been smaller than it was ten years ago (not counting the exceptionally small acreage of the crop recently reaped, which was partly due to an unfavourable sowing season), though before the fall in prices was sufficient to cover currency advantages it had increased. India, with her silver currency, was at one time a potent factor in depressing prices, and only ceased to be so when Argentina, with still greater currency advantages, came into the running.

It is not that farmers in the three countries named grow rich by growing wheat for export; the point to consider is that it would be ruinous to them, or to very many of them, to grow wheat for export at all at current prices if it were not for their currency advantages. No cheapening of railway or ocean freight would enable them to export extensively without the advantages referred to. Mr. Lefevre contends that the great development of wheat-growing in the Argentine Republic is not due to the fall in silver, and he would, no doubt, say the same of the industry in Russia; but in both countries the currency advantages of exporters are due to the appreciation of gold, and there is every reason to believe that they

would be greatly diminished, if not annihilated, by the restoration of silver to its old place in the currency of the world. This subject has been fully discussed in my pamphlet on "Agriculture and the Currency," and it is not necessary to repeat the evidence given in that pamphlet.

Surely it is a significant fact that agriculture, and wheat-growing especially, is an extremely depressed industry in every important agricultural country in the world devoid of special currency advantages or Protection, and in many cases high import duties have failed to keep prices up to a remunerative level, the depreciation of gold having had a greater effect than the highest of duties. Mr. Lefevre says that in Uruguay, which has a gold standard and a gold currency, "the exports of wheat have increased similarly to those from the Argentine Republic." Similarly, indeed! An exceptionally prolific harvest in 1894 enabled Uruguay to send us 71,800 qrs. of wheat, while Argentina sent us 3,096,800 qrs. The total value of exports of native produce of all kinds from Uruguay to all countries, in 1893, was only £5,767,000, or about half a million more than it was ten years before; whereas the corresponding total from Argentina in 1893 was £18,818,000, or more than 50 per cent. above the value for 1883. The poverty of Monometallists' arguments is in no respect more strikingly shown than in their frequent trotting-out of poor little Uruguay, on the authority of a paragraph quoted in the *Board of Agriculture Journal* from a South American paper, to the effect that, in consequence of an extraordinary yield, the country in question had exported in the first half of 1894 a trifle of 33,790 qrs. of wheat, and flour equal to 133,700 qrs., or more than three times the quantity of wheat, and nearly double that of flour exported in the four preceding years together. Probably, nearly or quite all the surplus quantity was a mere accident. The extremely small exports indicated by the statement up to and including those of 1893 show that, up to that time, at any rate, there had been no considerable development in wheat-growing. In the year last-named there were only 512,256 acres under wheat in Uruguay, as compared with 5,300,000 acres in the Argentine Republic; yet in 1880 Argentina had only about 490,000 acres under wheat, and probably Uruguay had nearly as much at that time.

WHEAT PRODUCTION, POPULATION, AND PRICES.

The last four wheat harvests of the world were exceptionally large, not because of any considerable increase in the acreage, but because of the generally prolific character of the harvests. But between 1880 and 1890 the increase in the world's wheat production did not keep pace with the increase in the wheat-eating population; yet prices fell 28 per cent. A compilation, based mainly on official

statistics, by Mr. C. Wood Davis, an American statistician, shows that the wheat area of the world advanced during the decade only from about 180,170,000 to 181,598,000 acres, or less than 1 per cent., while the bread-eating population increased 12½ per cent. The extension of the area in the preceding decade had been excessive—over 26½ million acres, or 17½ per cent.—while the bread-eaters increased 12½ per cent. only. But the over-production of 1880 was speedily met by the increase of population, and nothing but the appreciation of gold could have prevented a great recovery of prices between 1885 and 1890, instead of which the fall continued.

It is to be borne in mind that it is only by increased production in excess of increase in the consumption that wheat could become cheaper as the result of competition. No amount of economy in production or transport would reduce prices, except through increased production, as producers do not take as little as they can afford, but get the utmost that they can obtain for their wheat. To show that the excessive extension of the wheat area of the world between 1870 and 1880 has since been more than balanced, I quote further from Mr. Davis's closely accurate compilation. He makes the increase in the area in those twenty years 18 per cent, and that of the bread-eaters 26½ per cent. Yet the price of wheat fell nearly 44 per cent. between 1867-70 and 1887-90.

To show that, except for the last four great harvests in the world as a whole, the fall in the price of wheat cannot have been due to increased production, I quote the estimates of the world's crops for as far back as I can find them, from one of the best authorities in the world, and certainly not a Bimetallic authority any more than Mr. C. Wood Davis is. The *Cincinnati Price Current* gives the following figures:—

THE WORLD'S WHEAT PRODUCTION.

1883	..	..	..	..	1,935,000,000 bushels
1884	..	..	..	..	2,184,000,000 "
1885	..	..	..	..	1,999,000,000 "
1886	..	..	..	..	2,098,000,000 "
1887	..	..	..	..	2,127,000,000 "
1888	..	..	..	..	2,044,000,000 "
1889	..	..	..	..	1,965,000,000 "
1890	..	..	..	..	2,059,000,000 "
1891	..	..	..	..	2,035,000,000 "

In the last three years of this statement the average annual production was less than in the first three, while the population of bread-eaters had greatly increased; yet the average price was 10½ per cent. lower in the last three than in the first three years, instead of higher, as it should have been, as the supply in proportion to the requirements had greatly fallen off.

Since 1891 the fall in prices has certainly been partly due to the

extra good world's harvests; yet at the present time prospective supplies of wheat up to next harvest are smaller in proportion to the requirements than they have been in many a year when wheat was at double its present price, while the outlook for the supplies of the next cereal year on the whole is much less hopeful than it was in those earlier periods.

OTHER AGRICULTURAL PRODUCTS.

It would occupy too much space to show that the fall in the prices of other commodities than wheat is much greater than can be accounted for by any increase in production relatively to the increased demand for them. The case of wheat is typical of corn generally, and it is not necessary to go into detail in relation to all kinds. With respect to wool, there is more to be said as to the effect of increased production than in relation to any other agricultural product; but the price rose from 1870 to 1873, when production was increasing enormously, while it fell almost constantly between the latter year and 1894, notwithstanding great variation in the supply. Currency advantages in the Argentine Republic have told seriously in the competition with wool. The case of butter is complicated by the competition of margarine, and there are no complete statistics in relation to its production and consumption. Cheese has fallen greatly in value, while its production, apparently, has not kept pace with the increase of population. Mr. Lefevre attributes the fall in the price of hay to the increased acreage of grass in the United Kingdom; but since the Agricultural Returns first gave the acreage of hay, in 1885, there has been no steady increase. The acreage has fluctuated, more having been returned in 1888 and the two following years than in any subsequent season. Seeing that our imports of hay are insignificant, except in a season of extraordinary failure of the home crop, hay might have been expected to advance considerably in price with the increase in horses, and there is every reason to believe that it would have advanced if gold had not depreciated; whereas it has never reached the prices of 1873 since that year, no matter how short the crop was. This has been the case with straw also, although the production of that commodity has decreased greatly.

MR. SHAW-LEFEVRE'S TABLES.

It is difficult to imagine the supposed force of the figures given by Mr. Lefevre in his appendices. In the first he gives the value of our principal agricultural imports in 1895 and the portion of that value representing wheat and other corn from silver-using countries. This portion is given as "the value of imports of agricultural products from silver-using countries," and yet it is confined to corn alone, some of the figures being estimates. The amount is

£3,092,132; but it is far short of the value of imports of agricultural products from silver-using countries which compete with our own. The flax industry, for the fibre and seed, is nearly destroyed in the United Kingdom by foreign competition, in spite of many efforts to revive and extend it, and India alone sent us linseed to the value of over a million pounds last year, and to that of over £2,600,000 in 1894. The value of the wool received from India last year, again, was £1,038,648, and it was more still in 1894. A complete list of agricultural imports from silver-using countries would show a value more than double Mr. Lefevre's three million pounds. But it is not worth while to go into detail, because the currency advantages of exporting countries are not limited to the use of silver as coinage.

It cannot be too emphatically insisted that the depreciated paper currencies of such countries as Russia and Argentina, which give such great advantages to cultivators of the soil and pastoral farmers who grow animal and vegetable products for export, are in direct connection with the appreciation of gold, which is due to the contraction of the world's currency caused by the demonetisation of silver. The depreciated paper of Argentina and the silver currency of India alike purchase as much of the products of those countries as ever, while the gold received for exports will allow an enormous premium when converted into paper or silver. This would not be the case if gold had not appreciated, or, at any rate, not to anything like the full extent. Indeed, it is not that the Argentine paper dollar or the Russian paper rouble has depreciated, any more than the Indian silver rupee, for each has its old purchasing power, except for products imported from gold-currency countries. The mischief is that gold has appreciated.

Taking only the articles named in Mr. Shaw-Lefevre's list, amounting in value to about 144½ millions, without the "other articles" which I do not include, the portion of the total due to imports from Russia, India, and the Argentine Republic alone was over twenty-five millions, as closely as can be estimated. The full details for 1895 will not be available till the Annual Statement of Trade for that year is published.

Mr. Lefevre's second table shows the total imports of wheat and flour, the imports from India, the total exports from India, the average price in England, and the price of silver per ounce from 1872 to 1894 inclusive. What lesson this table is supposed to teach, beyond the fact that the exports of wheat from India do not precisely correspond with the price of silver year by year, Mr. Lefevre does not tell us; but he says that "the more these figures are studied the more conclusively they prove that the theories of the Bimetallists on this subject are without a shadow of proof"—the subject being the exporting advantages of silver-using countries.

Here, once more, we have implied Mr. Lefevre's astounding assumption that a cause affecting prices cannot be in action unless it annihilates all counteracting influences, constantly and with regularity. The exports of wheat from all countries fluctuate very widely. Those of the United States have ranged from 88,601,000 bushels to 225,666,000 bushels during the last seven years, and the fluctuations are further from correspondence with prices and freight than those of Indian exports are with the prices of wheat and silver. Yet Mr. Lefevre would not admit that the fall in freights has not been continuously acting to stimulate exports of wheat from the United States. But the case of India is much more complicated than that of the United States, for, whereas in the latter country the surplus depends entirely upon the quantity of wheat grown, that of India depends in great measure upon the production of other food grains upon which the natives mainly subsist. The fact remains that at certain periods, when, without exports of wheat from India to Europe, prices must have risen materially, great quantities of Indian wheat—from twenty to thirty million hundredweights per annum—were shipped, and it is well known to everyone engaged in the corn trade that this wheat could not have been bought in India to sell in Europe without loss if gold in relation to rupees had not been at a premium. Some details as to prices in India and England are given in my pamphlet on "Agriculture and the Currency."

So multifarious are the factors affecting quantities of exports and prices that if, in the absence of gold appreciation, the Government of India had given a direct bonus on the exports of wheat from that country during the period embraced by Mr. Shaw-Lefevre's table, the correspondence between quantities and prices would probably be no closer than it is.

CONCLUDING SUMMARY.

If the preceding statements and arguments are correct and valid, as I maintain, they justify the following conclusions:—

1. That as Mr. Shaw-Lefevre admits that the main cause of agricultural depression has been the fall in prices, while the fall has been general, and a general fall in prices is only another term for the appreciation of gold, he practically admits that agricultural depression is attributable to the appreciation of gold, which, in its turn, is attributable to the demonetisation of silver.
2. That Mr. Shaw-Lefevre's assumption that gold cannot be appreciated when the fall in the prices of commodities is not uniform and proportionate, with a few temporary and local exceptions, is utterly opposed to common sense.
3. That the corresponding assumptions in relation to wages and rent are equally unreasonable.

4. That the variations in the fall of wages and rents are not more consistent with Mr. Shaw-Lefevre's explanation of the fall than with the Bimetallists' explanation.

5. That adjustment in the circumstances of producers as the result of a general fall in prices is not, and is not likely to be speedily, if ever, complete, and could not be expected to be complete on the assumption that gold has appreciated.

6. That Mr. Lefevre's explanation of the fall in prices, and therefore of agricultural depression, is clearly insufficient.

7. That certain countries possess special currency advantages in relation to production and exportation, in consequence of the appreciation of gold, and that the variations in quantities of exports and the lack of close correspondence between those quantities and prices in particular years do not afford any evidence against the existence of the special advantages.

8. That although increased competition has contributed to the fall in prices, and therefore of agricultural depression, the Bimetallists' explanation of the main cause holds the field, untouched by the statements and arguments in the Leaflet of the Gold Standard Association to which this is a reply.

REPRINT OF LEAFLET No. 17
OF THE
GOLD STANDARD DEFENCE ASSOCIATION.

Bimetallism and Agricultural Depression.

By THE RT. HON. G. SHAW LEFEVRE
(CHAIRMAN OF THE ROYAL COMMISSION ON AGRICULTURE).

"I entirely agree with those speakers who think that Agriculture suffers doubly from the present condition of our currency. I believe, in the first place, that the fall of prices has been largely due to the artificial appreciation of gold, which followed upon the demonetisation of silver; and I believe further that there is an artificial advantage given to the producer in silver-using countries, from which the producer in gold-using countries necessarily suffers."—*Speech by* RT. HON. ARTHUR J. BALFOUR, *the "Times," February 8th, 1896.*

1. It is admitted by everyone who has considered the question that the primary cause of the serious depression of Agriculture during the last sixteen years has been the great, and till lately the progressive, fall of prices of farm products. There have been contributory causes, such as the rise of wages of labourers and the bad seasons, which have specially affected the East and South of England, during the last four years, but the main cause has undoubtedly been the fall of prices, which became serious, so far as farmers were concerned, in 1878. While all are agreed as to the primary cause, there are great differences of opinion as to the ultimate cause—namely, the cause of the fall of prices.

2. There are two distinct views on the subject. The first is (A) that the main causes of the fall of prices, and therefore of the depression, have been (1) the appreciation of gold resulting in part from its reduced production from the year 1873 till within the last six years, and in part from the greater demand for it owing to the demonetisation of silver by various countries in Europe; (2) the stimulus alleged to be given to the export of their products by silver-using countries, such as India, owing to the fall in value of silver as measured in gold. The other view (B) is that the main cause

has been the enormous improvements made during the last twenty years in the conveyance of products by land and by sea; the great facilities given for the distribution of the world's products by telegraphs, and by the opening of the Suez Canal; and the great accumulation of capital during a period of profound peace. These causes, it is alleged, have resulted in opening out vast districts in both old and new countries, and in bringing their products to our markets, in competition with the products of our farmers—in other words, in what is popularly understood as "foreign competition." Both of these explanations are founded on the deductive, or *à priori*, method of reasoning. They must be carefully compared with experience and results, before either of them can be accepted as affording a true and adequate explanation of the fall of prices. It is proposed to consider which of the two best conforms to all the surrounding facts relating to Agricultural Depression.

3. (A) On the assumption that the fall of prices has been mainly due to the appreciation of gold, it would seem necessarily to follow:—

That the fall of prices would be equally observed in all products, subject, of course, to some temporary or local exceptions, for which special explanations could be given.

That there would be a corresponding fall in the money rate of wages of labourers, in the absence of other causes affecting them. This fall in the money rate of wages would probably lag behind the fall in the price of products, but would inevitably take place after a time. Professor Foxwell, on behalf of the Bimetallists, has admitted that such a fall could not be delayed more than five or six years.

That there would also be a similar and equal fall in the rent of all agricultural land. This again would probably lag behind the fall of prices, especially where leases prevail; but where land is let on yearly tenancies, as is generally the case in England and Wales, the reduction of rents could not be long delayed. With these adjustments it must be obvious that the relative position of the farmers or cultivators to other classes would be much the same as before the fall of prices. They would be as well able to grow wheat or any other product with a profit. The landowners also would find that their rents would go as far in purchasing power or in the employment of labour as before the fall of prices.

4. (B) On the other assumption that the fall of prices has been due to inventions and improvements, which have opened

out new districts, and have brought their products into competition with home produce, it would also seem to follow necessarily:—

That the fall of prices of different products would be very unequal. That those articles which are specially suited to production in new countries would fall most in price. That articles heavy in bulk, where freight for conveyance has in the past formed a large element in their price, would be more affected in price than articles of small bulk in proportion to their value; and that articles on which a large amount of labour has to be expended in their production or manufacture, would also fall in price in a less degree than those which are produced with little labour.

That the money wages of labour would not fall; that the real rate of wages of labourers, as measured in what can be got for their money wages, would be increased in the same proportion as the fall in prices of the main necessities of life. In other words that labourers in this country would be the main gainers by inventions common to all mankind, which result in making the most of the world's products, and in bringing those of distant countries into competition with home products.

That the general rate of profits in all trades would be lowered by the very fact of great abundance and increased competition.

That the rent of land would be affected by the fall of prices very unequally; that where land in this country is specially suitable to the production of those articles, the import of which has been most stimulated and facilitated by the improvements and inventions referred to, and of which the fall in price has been greatest, rent would fall in a far greater proportion than in the case of land the products of which are not open to the same competition.

A careful examination of the condition of agriculture in different parts of the United Kingdom affords most ample proof of the conclusions under assumption B, and equally convincing disproof of the conclusions which would necessarily follow on assumption A.

Let us consider these points somewhat more in detail, and test them by actual experience:—

INEQUALITY IN THE FALL OF PRICES.

5. Comparing the last four years with the ten years 1865-75,

a period which included some years of exceptionally high prices, the fall of prices of the principal agricultural products has been as follows:—

Wheat, a fall of 50 per cent.	Beef, 1st quality, a fall of 16½ per cent.
Barley, " " 32 "	" 2nd " " 19 "
Oats, " " 25 "	" 3rd " " 28 "
Wool, " " 26 "	Mutton, 1st, " " 8 "
Cheese, " " 15 "	" 2nd " " 15 "
Butter, " " 10 "	" 3rd " " 20 "
Hay, " " 16 "	Poultry, risen in price.
Straw, " " Nil	

6. It is clear from these figures how very unequal the fall of prices has been. This is only what was to be expected on assumption B. Wheat is specially suitable as a crop for virgin soils. The newly broken up land in the Western States of America, Argentina, Uruguay, and elsewhere, is almost invariably devoted for some years to the produce of wheat. The certainty also of a market for this article of prime necessity makes it a desirable crop for such districts, and also for old countries such as India and Russia, which are for the first time opened up by railways. There can be little doubt, then, that the successive reductions in the price of wheat have been largely due to the following causes:—

(a) The great extension of railways and the great lowering of the freights in the United States. The mileage of railways there was in 1860—39,600, 1870—53,400, 1880—93,670, 1893—176,461. The acreage under wheat increased from an average of 20,160,000 acres in the five years 1869-73 to 37,960,000 acres, the average of the five years 1888-92, and the produce from 25,150,000 tons, to 56,660,000 tons.

(b) The extension of railways in Southern Russia, where the mileage was in 1870—7,170, 1880—14,000, 1892—18,670.

(c) The similar extension of railways in India, where the mileage was in 1860—840, 1870—4,830, 1894—18,441.

(d) The development of the Argentine Republic, mainly by British capital, where the mileage of railways was in 1870—640, 1880—1,540, 1893—8,376, and which in the last five years has sprung into the position of being third on the list of countries exporting wheat. The acreage under cultivation of wheat increased from 271,000 in 1874 to 5,000,000 in 1894.

(e) The improvements in marine engines, which have resulted in great economy of fuel and in a large reduction of freight.

These extensions and economies seem to be sufficient to account for the great fall in the price of wheat, without resorting to any theories as to currency and appreciation of gold.

7. In the case of wool, the great fall in price of late years is sufficiently accounted for by the enormous increase in its produc-

tion, in a proportion far exceeding the growth of population. The production in 1840 was 786,000,000 lbs., in 1860—1,108,000,000 lbs., in 1880—1,988,000,000 lbs., and in 1895—3,300,000,000 lbs. With respect to meat, the great difference in the fall of price of inferior qualities of beef and mutton, as compared with that of the best qualities, is conspicuous proof that currency changes can have had little effect. The great facilities for the importation of cattle, sheep, and dead meat of all kinds from the United States, Australia, New Zealand, etc., have led to immense importations of the lower qualities of meat, and have affected their price far more than that of the better quality, produced only in this country. It not unfrequently happens that there is a fall of price of the lower qualities coincident with a rise of price of the better qualities. The fall in price of hay has been small compared with that of other products. It is doubtless due to the great extent of land which has been laid down in grass, and not to foreign competition. The fall in butter also has been comparatively small. It has been due in great part to competition from Denmark, where farmers have given up growing corn and have taken to produce butter for the English market.

8. When we turn to commodities which cannot be produced in our own country we find similar explanations of the fall of prices of the main articles of consumption and manufacture. The great fall in the price of tea is sufficiently accounted for by the fact that the extension of cultivation in India and Ceylon has been enormous and far in excess of the increase of population. It would have been strange indeed if the price of tea had not greatly fallen. The same holds good of cotton and sugar. The world's production of cotton was in 1870—2,775,000,000 lbs., 1880—3,601,000,000, 1888—4,783,000,000 lbs. The world's production of sugar was 2,730,000 tons in 1870, 3,670,000 in 1880, and 7,893,000 tons in 1894. This great increase has been largely due to the bounties given by many European States for the production of beet sugar, which increased from 900,000 tons in 1870 to 4,972,000 tons in 1894. On the other hand, in those cases where the increase of cultivation has not been great, and where the freight is small in proportion to the value, prices have not fallen, and in many cases have risen. Among such products are coffee, tobacco, cocoa, rum, pepper, indiarubber, gutta percha, cane, &c.

All these facts seem to bear out conclusively the conclusions which result from the assumption that improvements and inventions, rather than the scarcity of gold, have been the causes of the fall of prices.

11.—EFFECT OF THE FALL OF PRICES ON AGRICULTURAL LABOURERS.

9. The agricultural labourers form three-fourths of the population

in the average of rural districts, and in many districts a still greater proportion. It is important, therefore, to determine how far they have been affected by the fall of prices.

The best epitome of the facts bearing on this subject is to be found in the reports to the Royal Commission on Labour in 1894, and especially in the summary of the reports of the sub-commissioners by Mr. William Little. This gentleman showed that taking 34 districts in the several counties in England in which special inquiries were held, the average rate of weekly wages of labourers, irrespective of harvest wages, was in 1867-70, before the great rise took place, 12s. 3d., in 1879-81 13s. 9d. in 1892-3 13s. 3d.

He pointed out, however, that the averages for 1892-3 were taken only from the unions specially inquired into, and which were selected on account of their being purely rural, whereas the averages for 1867-9 and 1879-81, were taken from the whole of the counties where in some parts the influence of town employment was felt and somewhat increased the average of wages. It is probable, therefore, that the difference between 1867-70 and 1892-3 was somewhat greater than that shown by the figures.

10. The figures as given show the averages of weekly wages only, and do not include harvest wages. If these are taken into account, the average weekly earnings of an adult labourer in 1892-3 was, according to Mr. Little, 15s. 11d. He added, "there appears to have been generally an increase of earnings, such increase being most marked in the south and west of England, and in those districts where the rate of wages was lowest, and that the increase has been least in the great corn-growing counties, in some of which it seems doubtful whether there has not been a decline." His figures do not include Scotland and Wales, where money wages have undoubtedly increased considerably during the last fifteen years. The evidence given before the Agricultural Commission fully bears out Mr. Little's conclusions. It shows that in far the greater part of the country the increase of wages achieved by labourers in 1873 has been maintained, and that in some districts it has been improved upon, especially where there is competition for labour from mines and manufacturing industries. On the other hand it shows that in some districts in the east and south, where the depression has been most acute, there has been a fall of wages in the last three or four years to about the point at which they stood before the rise of 1873. This reduction in certain districts must be attributed not to a general fall in the rate of money wages throughout the whole country, but to local conditions, and to the fact that, mainly owing to the changes in the system of agriculture and the reduced cultivation of cereals, and the laying down of a large extent of land in grass, there has been a reduced employment for agricultural labourers in those districts, and

that the consequent redundancy of labour has not yet been absorbed in other industries. Taking, however, the average money wages of agricultural labourers throughout the whole country there can be no doubt whatever that they have increased as compared with the years before 1873, when this scarcity of gold is alleged to have been first experienced.

11. When, however, we take into account not merely the money rate, but the actual value of wages as measured in what the labourers can get for their money, the difference is far greater, and the labourers are unquestionably far better off than they were twenty-five years ago. Mr. Little showed in his report that the average prices for sufficiency of flour, butter, cheese, tea, and sugar, for a week's consumption of an adult male labourer were at different periods as follows:

1860-67	- d. 50'41
1868-75	- 48'4
1876-83	- 36'21
1884-91	- 31'52
1892-4	- 29'2

a reduction of more than 40 per cent. between 1860-67 and 1892-94. It is generally estimated that an average labourer's family, consisting of himself his wife and three children, requires the food of three adult males. If this be correct, the average wage of 12s. 3d. between 1860 and 1873 hardly sufficed to provide the requirements of an average labourer's family for bread, butter, tea, sugar, and cheese, leaving no margin for other things. The harvest wages provided for rent and clothing. In 1892-4, 7s. 3d. only was required for the purchase of the same articles of consumption, leaving a weekly margin of 5s. for other expenditure, besides the harvest wages, equal to 2s. 6d. a week spread over the year. During the same period the prices of clothing, of boots, of petroleum (one of the greatest of benefits to labourers of modern times), and of many other articles, have also been greatly reduced. Labourers have also been relieved of the cost of educating their children, and have further benefited by the great extension of allotments. On the other hand, the age at which their children are allowed by law to earn wages and contribute to the family means has been raised; and, as a rule, their wives have largely given up working in the fields.

12. There can, then, be no question whatever that the condition of agricultural labourers has greatly improved since 1873, during the period when prices have been falling. Mr. Little has rightly said, "It is no exaggeration to say that in the last quarter of a century a great economic revolution, accomplished with little aid from legislation, has transferred to the labourers

from one-third to one-fourth of the profits which the landowners and farmers previously received from the cultivation of the land."

It is true that during this period there has also been a great reduction in the number of labourers employed in agriculture. This reduction, however, is only in a partial degree due to the depression. The migration of labourers from rural districts to towns and to other employments was in full force before the depression began. It was the cause of the rise of wages which occurred in 1873. There was a greater reduction in the number of labourers between 1870 and 1880, before the depression was sensibly felt, than between 1880 and 1890.

So far, then, as the agricultural labourers are concerned, the facts before us do not bear out the theories and conclusions of those who contend that the depression has been due to monetary causes, or to the appreciation of gold. They confirm, in a most striking manner, the opposite theory.

III.—INEQUALITY IN THE FALL OF RENTS.

13. Let us now turn to the rent of land. If the appreciation of gold were the cause of the fall of prices, it would follow that the reduction of rent would be evenly spread over the whole country. The very opposite has been the case. The reduction in the value of land has been very different in the different parts of the country. It has been far greater in the wheat-growing districts of the east and south of England, which constitute about one-third of the area of England and Wales. In these districts the fall of rent of purely agricultural land has probably averaged over 40 per cent., and has often amounted to 50 or 60 per cent. In another one-third part of England and Wales, where a mixed system of agriculture has prevailed, namely, in the northern counties, in Yorkshire, and in the centre of England, the reduction of rent has been much less, and has averaged from 20 to 25 per cent. The reduction has been the least in the remaining third part, in the pastoral districts of the western counties and Wales, including Lancashire and Cheshire, etc., where the average reduction of rent has not much exceeded 10 per cent. In these districts, where little or no corn is grown, the low price of wheat has been a distinct advantage to all classes, and the fall of barley and oats, for the feeding of cattle and horses, has been favourable to the bulk of farmers, and has been some compensation to them for the reduction in the price of cattle and of dairy produce.

14. It is admitted that the profits of farmers have been greatly reduced of late years. In the eastern and southern districts farmers have felt the stress of times most seriously; large numbers of them have incurred losses or have had to succumb to their difficulties. A large extent of land has been thrown out of arable

cultivation, and has been laid down in different grass. This, however, has been due not to any restriction of the currency, nor to the appreciation of gold, but to the great competition of foreign produce resulting from the opening out of new districts in many parts of the world. Looking broadly at the condition of the whole of our rural districts, the conclusion is forced upon us that the fall of prices has resulted in a far larger share of the proceeds of the land going to the labourers, and a far less share of it to the farmers in the shape of profit, and to the landowners in the shape of rent.

IV.—ALLEGED DIFFICULTIES DUE TO INCREASED PRODUCTION IN SILVER-USING COUNTRIES.

15. There remains the question whether the depression of agriculture can be considered as in any way due to the difficulties caused by the divergence in the relative value of gold and silver, and the alleged impetus given to the export of wheat and other produce from countries with a silver standard. This argument is at once dispelled and shown to be baseless, and, indeed, absurd, by a simple table showing the value of imports of agricultural products from silver-using countries as compared with those imported from other countries. It appears that the total value of the imports of agricultural products from silver-using countries for the year 1895 was £3,000,000 only, out of a total of over £148,000,000.* It is impossible to suppose that prices have been materially affected by so small an import from silver-using countries. Further, the statistics of the exports of wheat from India show conclusively that there is no relation whatever between the exports of wheat and the price of silver.† The more these figures are studied the more conclusively they prove that the theories of the Bimetallists on this subject are without a shadow of proof.

16. It is further said that the cheap exports of wheat from the Argentine Republic have been caused by the depreciation of its currency. Even were that true, Bimetallism would be no remedy, for the currency of that country is inconvertible paper, nominally on a gold basis, and has no relation to silver. The rise or fall in the value of silver has no effect there. Accordingly, bimetallism could have no effect upon its exports. Close to the Argentine Republic is the Republic of Uruguay, which has a gold standard and a gold currency, and the exports of wheat from which have increased similarly to those from the Argentine Republic. With a stable currency, and good credit, the growth of the Argentine Republic would probably be

* See Appendix A.

† See Appendix B.

far greater than at present. If it were really the case that the depreciation of a currency stimulates production and exports, and enriches the country which resorts to it, then the greater the depreciation the better, and the example of the Argentine Republic should be followed by every other country; a proposition which has only to be stated to expose its absurdity. What, however, is to prevent any State, under any system of currency, monometallic or bimetallic, and with any amount of international agreement, from issuing notes in excess of its credit and depreciating its currency?

17. If we are right in the above, it follows that, whether we or other countries had a gold standard, or a silver standard, or a bimetallic standard, the results of the past twenty years in the great increase in the cultivation of wheat and the production of cattle, sheep, wool, etc., would probably have taken place much as they have done. The popular view, then, that low prices and depression of agriculture are due to foreign competition is the true one, and the explanation offered by the Bimetallic League that they are due to currency difficulties, and to appreciation of gold, is unsound, and is neither based on, nor confirmed by, experience, or by any of the surrounding facts.

APPENDIX A.

VALUE of principal imports into United Kingdom for 1895, which competed with British agricultural produce, also proportion of same coming from silver-using countries. (Compiled from "Trade and Navigation of United Kingdom," 3—xi.)

PRINCIPAL AGRICULTURAL IMPORTS.

	£
Animals (living, for food)...	8,966,252
Meat (for food) ...	23,769,638
Wheat, Flour, and other Cereals ...	19,718,252
Butter, Cheese, and Eggs ...	25,480,021
Lard and Milk ...	4,026,500
Fruit* and Hops ...	2,033,572
Potatoes and Onions ...	1,866,730
Other Vegetables ...	1,277,068
Poultry and Game ...	605,166
Yeast ...	491,351
Wool (Sheep and Lamb) ...	26,031,550
Other Articles ...	4,010,612
Total	£148,276,702

[Continued over.]

* Comprising Apples, Cherries, Plums and Pears.

FROM SILVER-USING COUNTRIES.

	£
Wheat from India	2,312,132
" from other countries (say)	500,000
Other Cereals (say)	250,000

£3,092,132

(Say) £148,000,000 was value of principal foreign produce imported in 1895 which competed with British agriculture. Of this (say) £3,000,000 came from silver-using countries; or, about two per cent.

APPENDIX B.

BOARD OF TRADE RETURN showing the AGGREGATE IMPORTS OF WHEAT and WHEAT FLOUR into the United Kingdom in each year from 1872 to 1894 inclusive, with the Imports of Wheat from British India, the total quantity of Wheat Exported from British India, the average Gazette price of British Wheat, and the average price of Bar Silver in the United Kingdom during each of the same years.

Years.	Aggregate Imports into the United Kingdom of Wheat and Wheat Flour.	Imports of Wheat into the United Kingdom from British India.	Total Export of Wheat from British India.	Average Gazette Price of British Wheat.	Price of Bar Silver according to Messrs. Foley and Abel's Circular.
	cwt.	cwt.	cwt.	Per Imperial quarter.	Per ounce.
1872	47,612,896	156,661	394,010	57 0	60 ¹ / ₂
1873	51,631,197	740,934	1,755,954	58 8	59 ¹ / ₂
1874	49,322,693	1,073,940	1,073,655	55 8	58 ¹ / ₂
1875	59,546,621	1,334,366	2,510,768	45 2	56 ¹ / ₂
1876	51,904,433	3,287,236	5,586,604	46 2	52 ¹ / ₂
1877	63,491,429	6,104,983	6,373,168	56 9	54 ¹ / ₂
1878	59,691,533	1,420,881	1,036,720	46 5	52 ¹ / ₂
1879	73,002,110	887,006	2,201,515	43 10	51 ¹ / ₂
1880	68,459,814	3,229,050	7,444,375	44 4	52 ¹ / ₂
1881	71,344,659	7,334,616	19,901,005	45 4	51 ¹ / ₂
1882	80,769,107	8,461,004	14,195,763	45 1	51 ¹ / ₂
1883	85,073,646	11,248,988	21,001,412	41 7	50 ¹ / ₂
1884	66,910,448	7,980,831	15,856,881	35 8	50 ¹ / ₂
1885	82,331,552	12,170,251	21,068,924	32 10	48 ¹ / ₂
1886	67,021,886	11,023,949	22,243,624	31 0	46 ¹ / ₂
1887	80,212,296	8,511,512	13,538,169	32 6	44 ¹ / ₂
1888	80,426,352	8,166,254	17,611,408	31 10	42 ¹ / ₂
1889	78,929,778	9,214,204	13,802,209	29 9	42 ¹ / ₂
1890	82,331,591	9,111,582	14,320,496	31 11	47 ¹ / ₂
1891	89,533,335	13,005,735	30,306,700	37 0	45 ¹ / ₂
1892	95,694,559	12,495,442	11,973,453	39 3	39 ¹ / ₂
1893	93,806,666	6,196,096	12,156,451	26 4	35 ¹ / ₂
1894	96,702,072	5,349,056	6,903,769	22 10	28 ¹ / ₂

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**END OF
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